



February 15, 2012

The Honorable Pat Tiberi
Chairman
The Honorable Richard Neal
Ranking Member
United States House of Representatives
Subcommittee on Select Revenue Measures
1136 Longworth House Office Building
Washington, D.C. 20515

The Honorable Charles Boustany Jr.
Chairman
The Honorable John Lewis
Ranking Member
United States House of Representatives
Subcommittee on Oversight
1139 E. Longworth House Office Building
Washington, D.C. 20515

Dear Representatives Tiberi and Boustany:

On February 1, 2012, the House Ways and Means Subcommittee on Oversight and the Subcommittee on Select Revenue Measures held a joint hearing focused on harbor maintenance funding and maritime tax issues. In response to some issues raised at the hearing, the Vancouver Fraser Port Authority ("Port Metro Vancouver") appreciates the opportunity to submit comments regarding how Canadian ports finance dredging and maintenance operations.

Port Metro Vancouver is Canada's largest port which handles \$CDN 75 billion annually in trade with over 160 countries.¹ The economic impact in Canada alone, of Port Metro Vancouver, includes 129,500 jobs, \$CDN 10.5 billion in gross domestic product, and \$CDN 6.1 billion in wages.² Port Metro Vancouver is North America's most diversified port, comprised of 28 major marine terminals with a jurisdiction that covers more than 400 miles of shoreline.

During the February 1st hearing, several witnesses provided inaccurate information regarding how Canadian ports fund their dredging and maintenance operations. For instance, one of the witnesses stated that Canadian ports fund harbor maintenance and dredging through "direct federal appropriations," and are "sometimes subsidized by a tariff or user fee." Another witness added that Canadian ports have been "federalized."

Given this testimony, Port Metro Vancouver would like to correct these statements and provide some information on how both we and other Canadian Port Authorities ("CPAs") fund dredging and maintenance operations. Under Canadian federal law, Port Metro Vancouver and other CPAs are federally-incorporated, autonomous corporations that are required to be financially self-sufficient. As a result, CPAs do not receive funding from the federal or provincial governments to meet operating costs or deficits. CPAs are responsible for funding their own harbor maintenance, including dredging, and are also required to remit an annual payment to the federal government for

¹ See <http://www.portmetrovancover.com/en/about/factsandstats.aspx>.

² Id.

maintaining their "Letters Patent", a charge based on a percentage equal to the aggregate of specified gross revenues. Each port is governed by a board of directors, who are nominated by user groups, industry groups, municipalities, provinces, and the Government of Canada.

As you may know, the U.S. Federal Maritime Commission ("FMC") recently initiated a Notice of Inquiry ("NOI") into *United States Inland Cargo Moving Through Canadian and Mexican Seaports* (Docket 11-19). Port Metro Vancouver, along with several other CPAs, filed a response to this NOI on December 21, 2011. For your review, we have enclosed a copy of this response.

Port Metro Vancouver believes that fair and free competition between North American ports benefits consumers and businesses in both the United States and Canada. Canadian ports offer U.S. shippers choices that can help protect them from supply chain disruptions, such as inclement weather, labor strikes, and congestion, which can result in costly delays of getting products to U.S. markets. In addition, Canadian ports provide an outlet for the export of U.S. goods, handling over 2,527 thousand metric tons of goods in 2009. U.S. exports are critical to creating and sustaining domestic jobs; in 2010, U.S. exports supported an estimated 9.2 million jobs.

The U.S. and Canada are working closely together to enhance security and accelerate the free flow of people, goods and services. On December 7, 2011, President Obama and Prime Minister Harper released an Action Plan for the "Beyond the Border: A Shared Vision for Perimeter Security and Economic Competitiveness" ("BYB Declaration"). The plan envisions building upon the two countries long-standing ties to develop a perimeter approach to deal with the following issues: addressing threats early; trade facilitation, economic growth and jobs; cross-border law enforcement; and critical infrastructure and cyber security. The BYB Declaration recognizes the importance of expediting the free flow of goods and improving both countries trade competitiveness in order to spur economic growth and job creation. Port Metro Vancouver is eager to work with the Administration, Congress and other U.S. stakeholders on realizing the vision of the BYB Declaration, along with identifying other ways to spur economic growth and job creation in both countries.

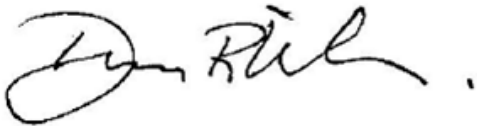
I would be happy to meet to discuss these issues with you in more detail. My contact details are as follows:

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Please do not hesitate to contact me should you have any questions or comments.

Sincerely,

VANCOUVER FRASER PORT AUTHORITY

A handwritten signature in black ink, appearing to read "Duncan Wilson", followed by a period.

Duncan Wilson
Vice President, Corporate Social Responsibility

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c.c. The Honorable Peter Roskam
The Honorable Erik Paulsen
The Honorable Richard Berg
The Honorable Kenny Merchant
The Honorable Jim Gerlach
The Honorable Michael Thompson
The Honorable John Larson
The Honorable Shelley Berkley
The Honorable Diane Black
The Honorable Aaron Schock
The Honorable Lynn Jenkins
The Honorable Thomas Reed II
The Honorable Xavier Becerra
The Honorable Ron Kind
The Honorable James McDermott